



## NATIONAL CONFERENCE *of* STATE LEGISLATURES

*The Forum for America's Ideas*

December 22, 2008

The Honorable Harry Reid  
Majority Leader  
United States Senate  
S-221, U.S. Capitol  
Washington, D.C. 20510

The Honorable Nancy Pelosi  
Speaker of the House  
United States House of Speakers  
H-232, U.S. Capitol  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
S-230, U.S. Capitol  
Washington, D.C. 20510

The Honorable John Boehner  
Minority Leader  
United States House of Speakers  
H-204, U.S. Capitol  
Washington, D.C. 20515

**Joe Hackney**  
*Speaker*  
*North Carolina House of Representatives*  
*President, NCSL*

**Gary VanLandingham**  
*Director, OPPAGA*  
*Florida Legislature*  
*Staff Chair, NCSL*

**William Pound**  
*Executive Director*

### RE: ECONOMIC RECOVERY

Dear Senators Reid and McConnell, Speaker Pelosi and Speaker Boehner:

We, the nation's state legislative leaders, urge you to pass legislation stabilizing the economy and stimulating economic recovery and growth when Congress convenes in January. Solving the economic challenges in our country requires bold action and a partnership among all levels of government. Temporary and targeted federal assistance to states and individuals is critical in a time of deteriorating state budget conditions. As of today, states are facing a cumulative budget shortfall of nearly \$100 billion, after already closing a \$53 billion gap. To make matters worse, state finances will continue to deteriorate in the coming months, perhaps years. Because of state balanced budget requirements, state lawmakers are being compelled to cut spending, increase revenues and delay important infrastructure projects--actions that will prolong and deepen the effects of the economic downturn. The state fiscal situation is so critical that it threatens the viability of essential state programs and services, particularly those assisting vulnerable populations most disadvantaged by the recession.

There are several means by which the federal government can provide temporary assistance to states to mitigate the economic crisis and create jobs. **Infrastructure investments** and a temporary boost in the **federal Medicaid match** (FMAP or federal medical assistance percentage) are the most urgent. More specifically, we recommend the following:

**INFRASTRUCTURE INVESTMENTS.** A significant investment in a broad array of infrastructure projects will create jobs and satisfy identified public needs. We recommend an immediate investment in **transportation and public infrastructure, clean water and safe drinking water projects, public university facilities and a temporary waiver of state matching requirements** to ensure that these projects get started quickly. This can lead to a broader, long-term

**Denver**  
7700 East First Place  
Denver, Colorado 80230  
Phone 303.364.7700 Fax 303.364.7800

**Washington**  
444 North Capitol Street, N.W. Suite 515  
Washington, D.C. 20001  
Phone 202.624.5400 Fax 202.737.1069

Website [www.ncsl.org](http://www.ncsl.org)

investment partnership to boost unmet capital needs for a wide range of transportation, water, energy and other infrastructure projects.

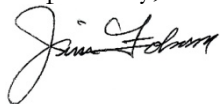
**MEDICAID/ASSISTANCE TO INDIVIDUALS.** The nation's legislative leaders strongly believe that a temporary increase in the federal Medicaid match will assist individuals who lose health care coverage because of the economy. This would also provide relief to state budgets that cannot readily handle increased participation in the Medicaid program. We also urge you to consider supplemental **Food Stamp benefits** and **extended unemployment insurance benefits** for those who have exhausted state benefits (Congress has twice extended the latter benefits recently) in addition to a boost in the federal Medicaid match. Additionally, states that received a scheduled FMAP reduction at the beginning of FY 2009 should be held harmless at the FY 2008 level when determining the level provided in an economic recovery package.

**UNFUNDED MANDATES AND TAX FAIRNESS.** In addition to the two stimulus priorities we have outlined, unfunded mandates and the need for tax fairness continue to provide tremendous challenges to our states. To temper the pressure that unfunded federal mandates place on state budgets, the nation's legislative leaders urge you to appropriate the promised 40 percent of costs for **special education**. We further urge you to re-establish state authority to use incentive payments to draw down federal funds to assist states with collections of **child support** payments that provide immediate assistance to working families.

To bring **tax fairness to Main Street**, the nation's legislative leaders urge you to pass the Sales Tax Fairness and Simplification Act to grant states authority to require sales and use tax collections on remote sales and provide a level playing field for all retailers. Sales tax simplification would reduce collection costs for businesses **and provide as much as \$30 billion in fiscal relief to the states at no expense to the federal government.**

We appreciate your consideration of our recommendations. Most state legislatures are in regular session three to six months annually. Passage of an economic recovery package will work best for states and individuals if accomplished expeditiously. We stand ready to work together in bipartisan partnership with you to strengthen the American economy.

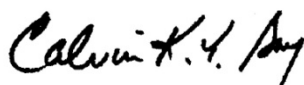
Respectfully,



Lt. Governor Jim Folsom, Jr., Alabama



Senate President Gary Stevens, Alaska



Speaker Calvin Say, Hawaii



Senate President Colleen Hanabusa, Hawaii

December 22, 2008

p. 3



Senate President Steve Morris, Kansas



Speaker Jody Richards, Kentucky



Speaker Hannah Pingree, Maine



Senate President Libby Mitchell, Maine



Senate President Thomas V. Mike Miller Jr.,  
Maryland



Speaker Salvatore F. DiMasi, Massachusetts



Senate President Therese Murray,  
Massachusetts



Speaker Andy Dillon, Michigan



Speaker Margaret Anderson Kelliher,  
Minnesota



Senator Michael J. Flood, Speaker of the  
Legislature, Nebraska



Senator Malcolm A. Smith, Democratic Leader,  
New York



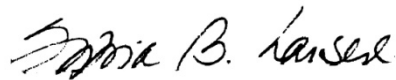
Speaker Sheldon Silver, New York

December 22, 2008

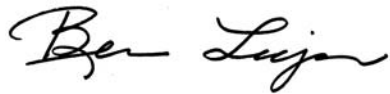
p. 4



Speaker Terie Norelli, New Hampshire



Senate President Sylvia B. Larsen,  
New Hampshire



Speaker Ben Lujan, New Mexico



Senator Michael S. Sanchez, Senate Majority  
Floor Leader, New Mexico



Senate President Richard Codey, New Jersey



Speaker Joe Hackney, North Carolina



Senate President Pro Tempore Marc Basnight,  
North Carolina



Speaker Designee Dave Hunt, Oregon



Senate President Peter Courtney, Oregon



Speaker Keith R. McCall, Pennsylvania



Senate Majority Leader M. Teresa Paiva Weed,  
Rhode Island



Speaker Thomas J. Deadrick, South Dakota

December 22, 2008

p. 5



Speaker David Clark, Utah



Speaker Nominee Shap Smith, Vermont



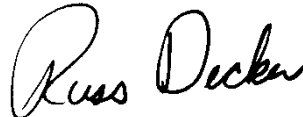
Senate President Pro Tempore Peter Shumlin,  
Vermont



Senate President Pro Tempore Charles Colgan,  
Virginia



Senate President Earl Ray Tomblin,  
West Virginia



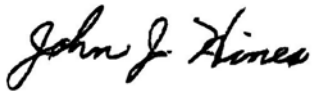
Senator Russ Decker Majority Leader,  
Wisconsin



Speaker-elect Michael J. Sheridan, Wisconsin



Speaker-elect Colin Simpson, Wyoming



Senate President-elect John J. Hines, Wyoming